



Interoffice Memorandum

To: Don Black, Rick Buy, Dave Delainey, Janet Deitrich,
John Lavorato, Louis Kitchen, Ted Murphy, David Port,
Cassandra Schultz, Jeff Skilling, Greg Whalley, File Copy

From: Chris Abel / Kenneth Thibodeaux
Subject: Loss Notification

Department: Risk Management
Date: May 17, 2001

Please note below the explanation of the loss exceeding risk policy limits as of the close of business May 16, 2001.

Enron Americas - Power Trading

Notification:	Daily Loss Limit
Limit:	\$54.00 Million
Daily Loss:	\$225.83 Million

Explanation:

The daily loss of \$225.83MM resulted mainly from adjustments in EES' California business. Contracts with two entities, the University of California and IBM, were unwound and they are now being served by the utilities. This caused \$74MM in losses. Additionally, the PUC in California adjusted the tariffs for delivery of power for both NP and SP, causing \$171MM in losses.

Approvals:

Reader

Risk Assessment and Control

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Respect

Integrity

Communication

Excellence

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